

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RIPPLE LABS INC., BRADLEY
GARLINGHOUSE, and CHRISTIAN A. LARSEN,

Defendants.

Case No. 20-cv-10832 (AT) (SN)

**AFFIDAVIT OF JASKARAN SINGH KAMBO, FOUNDER AND CEO OF
SPENDTHEBITS INC., IN SUPPORT OF AMICUS BRIEF**

1. I am the founder and CEO of SPENDTHEBITS INC., (STB) a digital assets payment app powered by the XRP Ledger (XRPL), a decentralized, open-source blockchain platform.
2. STB app is a digital payment platform where users can send, spend and receive Bitcoin (BTC) using PayString id, similar to email. Note: Paystring is a universal payment identifier assigned to users that allows for the generic transfer of value between users in a similar manner to how information is transferred between different user emails (ex., Hotmail to Yahoo). Paystring utilizes one master address to represent any number of sub-addresses on any generic payment network, centralized or decentralized, while preserving the privacy of user account numbers on the respective networks.
3. STB app service provides instant Bitcoin payments in Canada. This is unique to STB.
4. SPENDTHEBITS INC., is a For-Profit company incorporated under the laws of the Province of Alberta, Canada, having its principal offices at 28- 655 Tamarack RD NW, Edmonton, Alberta, T6T 0N4.
5. 100% of STB revenue is from Bitcoin; however, STB purchased a diminutive amount of XRP from the secondary market (on the same third-party platform I have purchased other cryptocurrencies such as Bitcoin, XLM or Ether) in order to pay the essential XRPL wallet activation fee.
6. STB has made a significant investment in developing a technology platform to accept and process Bitcoin payments using the XRPL.
7. STB has been built/deployed on layer one XRPL. STB is an application layer that is designed to bridge any Layer 1 blockchain or payment rail to any other payment rail. At present, the focus for STB is bridging the Bitcoin layer one mainnet using the transactional properties of the XRPL.
8. STB as an application allows user onboarding without requiring the use of any particular currency, although at present STB only facilitates Bitcoin payments. Once the user

account creation process is completed the user funds their STB Bitcoin-provided wallet with Bitcoin from another wallet on the Bitcoin blockchain.

9. STB utilizes a third-party gateway, Bitgo, as a Bitcoin custodian for all deposits and withdrawals of Bitcoin using BitGo's Application Programming Interface (API). BitGo, Inc. is a digital asset trust, custodial, and security company headquartered in Palo Alto, California.
10. Transfers of Bitcoin between STB wallets utilize the XRPL as follows:
11. Using another API from Coinbase, Inc., STB queries secondary market exchanges to determine the exchange rate between Bitcoin and XRP.
12. Using the exchange rate an amount of Bitcoin equivalent to 10 XRP is deducted from the users STB Bitcoin wallet in order to activate the XRPL wallet and allow for ledger fees.
13. STB creates an equivalent amount of Bitcoin IOUs on the XRPL using the remaining Bitcoin in the user's STB Bitcoin wallet. These IOUs have a legal obligation for redemptions with the 3rd party custodian, BitGo, Inc. This obligation is also true for STB to STB-wallet transfers.
14. For example, a user can transfer 1 BTC worth of value from their STB wallet to another user's STB wallet using the XRPL, and ultimately if desired, redeem with the BitGo, Inc. gateway.
15. Once the user has BTC in the wallet, each transaction is facilitated using STB, and by extension, the XRPL burns a fraction of XRP, which equates to a fraction of a penny, as a fee mandated by the security algorithm inherent to the XRPL decentralized network.
16. The settlement time for the Bitcoin Layer 1 blockchain is approximately 1 hour, which lends itself to significant volatility. The core competitive advantage of STB in the payments space is the ability to make payments in Bitcoin equivalent IOUs within 3 - 5 seconds, eliminating the majority of the volatility risk. Final settlement of an equivalent amount of Bitcoin is facilitated by the 3rd party gateway, BitGo, Inc., at the time of withdrawal from their STB account back to the user's personal Bitcoin Layer 1 wallet.
17. The value proposition is that using the STB application, Bitcoin transfers can be finalized in a matter of seconds using our platform. More generically, by deploying a user's value (Bitcoin, dollars, etc.) onto the XRPL as a representative IOU, users get all of the benefits of sending and receiving digital assets quickly, efficiently & eco-friendly for any form of payment. The cost of processing Bitcoin payments with STB is approximately 0.1% for most transactions, as compared to fees of approximately 3.5% - 5% when payments are processed by banks or credit cards. This results in significant savings that are passed onto the consumer.
18. The fee structure of the STB application is as follows:
19. 1% for transfers between \$1 - \$10 of BTC equivalent
20. 0.50% for transfers between \$10 - \$100 of BTC equivalent
21. 0.20% for transfers between \$100 - \$10,000 of BTC equivalent
22. 0.10% for transfers between \$10,000 - \$500,000 of BTC equivalent

23. Our app is well suited to facilitate payments in Bitcoin to bricks-and-mortar and online merchants because transactions are confirmed quickly, securely, and efficiently, unlike the current case with the Bitcoin blockchain, where transactions are slow to process and inefficient resulting in significant pain points of volatility, settlement time, and payment finality for retail merchants.
24. Our app reduces the network transaction fee cost from dollars to pennies.
25. Send & receive Bitcoin using PayString completes a frictionless transaction within 3-5 seconds.
26. A user transfers their Bitcoin into the digital wallet, which deploys it over top of the XRP blockchain. All transactions are immediately recorded and viewable on the XRP Ledger.
27. STB is in the process of launching the application in the nation of El Salvador, wherein the government has recognized Bitcoin as a form of legal tender.
28. The STB project started in September 2019, with an initial proof of concept build. Subsequently, the application was listed on the Android Play store in November 2020 and on the IOS App Store in January 2021.
29. The mission statement of STB is to make Bitcoin, & other digital assets transfers a practical daily tool for users to transfer value by utilizing the technology inherent in the XRPL. STB continues to build additional application features and other payment solutions on top of the XRP Ledger functionality.
30. STB holds XRP to activate the user's wallet, and all the XRP we obtained was from the secondary market. When first purchasing XRP to meet the requisite ledger demands. STB management had no prior knowledge of Ripple, Inc. or its executives. Prior to developing the STB app, STB did not seek advice, consent or assistance from Ripple, Inc. or its executives.
31. STB has never received any incentives, compensation or XRP of any kind from Ripple, Inc. to build the STB application platform. All development was fully funded using personal company founder funds.
32. Ripple and its executives did not provide any input, influence, control or consent to the development, launch or use of STB.
33. The XRPL is an open-source, permissionless, decentralized technology that utilizes the digital asset XRP as the native currency for a wide range of network functions.
34. STB INC. is not in a common enterprise with Ripple Inc. nor has any legal affiliations whatsoever.
35. STB INC. uses XRP as a bridge currency to facilitate Bitcoin payments.

36. Our whole business model is built on top of XRPL and uses XRP as a bridge currency; with the aim to expand our services by becoming a currency-agnostic platform since all issued assets on XRPL are interoperable, providing us with a differentiating advantage over traditional payments processors & networks.

Signature of Affiant: Jas Karan Singh Kambo

Date: 18-Oct-2022

ROHIN JUDGE
Notary Public in and for the Province of Alberta
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My Commission Expires Dec. 31, 2022